

**PREPARED DIRECT TESTIMONY
OF
WILLIAM G. LIVINGSTONE
ON BEHALF OF
CENTRAL ILLINOIS LIGHT COMPANY
DOCKET NO. 00-0579**

ILLINOIS
COMMERCE COMMISSION
OCT 5 11 17 AM '00
CHIEF CLERK'S OFFICE

1 Q1: Please state your name and business address.

2 A1: My name is William G. Livingstone and my business address is 300 Liberty St.,
3 Peoria, Illinois, 61602.

4 Q2: By whom are you employed and in what capacity?

5 A2: I am employed by Central Illinois Light Company (CILCO) as an Energy Trading
6 Representative – Energy Trading.

7 Q3: Please describe your educational background and work experience.

8 A3: I was graduated from Illinois Central College in 1981 with an Associates degree in
9 Business Administration. I joined CILCO in 1982 as a plant operator. I have worked
10 in various positions at both of CILCO's coal-fired generating plants, including
11 Maintenance Planner, Plant Operator, Instrument Technician, Plant Storekeeper and
12 Supervisor of Planning and Scheduling. In May 2000 I was accepted into the
13 position I currently hold as an Energy Trading representative.

14 Q4: What is the purpose of your testimony in this proceeding?

15 A4: On July 31, 2000 CILCO filed with the Illinois Commerce Commission a proposal
16 to eliminate its electric fuel adjustment clause pursuant to Section 9-220(d) of the
17 Public Utility Act (220 ILCS 5/9-220(d)). As required by Section 9-220(d),
18 information showing both a twelve-month historical period and the twelve-month

19 projected period that CILCO used as the basis of its filing was submitted to the ICC.
20 The purpose of my testimony is to describe the filing, the load projections used in
21 CILCO's filing and the ENPRO modeling of CILCO's generating resources.

22 Q5: Please describe CILCO Exhibits 3.1 and 3.2.

23 A5: CILCO Exhibit 3.1 is a copy of the tariffs CILCO filed with the Commission on July
24 31, 2000, to eliminate CILCO's FAC. CILCO Exhibit 3.2 is a copy of the
25 assumptions on which CILCO based the projected twelve-month period used to
26 calculate the "reasonable, prudent and necessary jurisdictional power supply costs"
27 to be included in CILCO base rates when the FAC is eliminated. The assumptions
28 contain confidential market information and projections, and Exhibit 3.2 is marked
29 "Confidential."

30 Q6: How do the proposed tariffs incorporate the projected power supply costs into
31 CILCO's base rates?

32 A6: CILCO calculated its total power supply costs for the projected period September
33 2000 through August 2001, and determined the charge per kilowatthour (Kwh)
34 required to recover those costs. CILCO then subtracted the power supply costs
35 already included in CILCO's base rates, to determine the net addition of \$0.01255
36 per Kwh to be added to CILCO's base rates to recover the projected power supply
37 costs. Rather than change each of CILCO's base rate tariffs, CILCO revised its FAC
38 to specify that all base rates to which the fuel adjustment charge was previously
39 applicable would be increased by \$0.01255 per Kwh. The effect of this change is to
40 incorporate the total power supply costs in CILCO's base rates.

41 Q7: Why did CILCO select the future period of September 2000 through August 2001 as

42 the basis for determining the power supply costs to be included in CILCO's base
43 rates?

44 A7: Although two of the possible three historical twelve-month periods calculated under
45 provisions of the Act would have led to a higher amount for inclusion in the base
46 rates, CILCO chose the projected period September to August for several reasons.
47 SO₂ emission allowance costs became a CILCO electric commodity expense
48 beginning in January 2000, so that a historic period could not capture all the
49 allowance costs. Use of a projected period also eliminates the high costs of energy
50 that were incurred during July of 1999. In addition, the future period is a more
51 accurate representation of CILCO's future load requirements. For all these reasons,
52 CILCO elected to use the projected twelve-month period.

53 Q8: What assumptions were made to forecast load growth at 2.24%?

54 A8: In order to determine the rate of load growth we used hourly load data from 1996
55 through 1999. The hourly data was summarized in total monthly load and monthly
56 demand statistics. We limited our data set to the aforementioned years, as they were
57 deemed to be the most representative of current load patterns. Any additional
58 historical periods would be less relevant and adversely impact predicting future load.
59 With this information we were able to determine that annual peak load has grown
60 2.9% during this period and that total load has grown 2.3% per year. From this
61 annual data we established monthly and seasonal load and demand growth. We also
62 employed an outside firm to supply a forecast of our load and demand by month.
63 These results showed a 2.2% annual increase in load and a 1.6% increase in peak.

64 The growth rate of 2.24% used in the CILCO filing is the result of these analyses.

65 The range on usage was 2.2 to 2.3%, while the range on demand was 1.6 to 2.9%.

66 Q9: What is the ENPRO model CILCO refers to when it discusses capacity factor?

67 A9: The ENPRO model is used to determine unit loading based on forecasted load
68 coupled with an economic dispatch of the CILCO units. The five-year outage rate
69 is used to determine forecasted availability of the units. The model uses inputs on
70 heat rate and fuel costs to calculate the economic values of the units. The model
71 provides generation numbers by unit and purchase power requirements for the system
72 on an hourly basis.

73 Q10: Does this conclude your prepared direct testimony?

74 A10: Yes, it does.